

Message Text

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P 141646Z DEC 76
FM SECSTATE WASHDC
TO AMEMBASSY MOSCOW PRIORITY

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E.O. 11652:N/A

TAGS:EWWT, UR

SUBJECT: N. Y. TIMES ARTICLE ON BAKKE AGREEMENT

REF: 302327

1. FOLLOWING IS TEXT OF DEPARTMENT'S PRESS GUIDANCE ON
DECEMBER 12 NEW YORK TIMES ARTICLE ON KISSINGER LETTER
TO FMC (ALSO CARRIED IN DECEMBER 13 INTERNATIONAL HERALD
TRIBUNE):

QUOTE:

Q: ANY COMMENT ON SUNDAY'S NEW YORK TIMES ARTICLE ON
SECRETARY KISSINGER'S LETTER TO FMC CHAIRMAN BAKKE?

A: IT IS TRUE THAT ON AUGUST 2 SECRETARY KISSINGER SENT
A LETTER TO CHAIRMAN BAKKE REGARDING THE "MEMORANDUM
AGREEMENT" BAKKE SIGNED WITH SOVIET SHIPPING AUTHORITIES
IN JULY. SINCE THAT TIME, THE STATE DEPARTMENT AND THE
FEDERAL MARITIME COMMISSION HAVE CLARIFIED THEIR RESPECTIVE
ROLES TO THE DEPARTMENT'S SATISFACTION.

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Q: DID SECRETARY KISSINGER'S LETTER INVALIDATE MR. BAKKE'S AGREEMENT?

A: THE DOCUMENT MR. BAKKE SIGNED WITH THE SOVIETS WAS NOT A LEGALLY BINDING INTERNATIONAL AGREEMENT. IT EXPRESSED THE INTENTIONS OF THE FEDERAL MARITIME COMMISSION AND OF SOVIET AUTHORITIES CONCERNING THE CONDUCT OF CERTAIN SOVIET OCEAN CARRIERS. WE ARE NOT AWARE THAT THOSE INTENTIONS HAVE CHANGED.

Q: WHAT IS YOUR POSITION ON THE MERITS OF THE AGREEMENT OVERALL?

A: SOVIET SHIPPING PRACTICES HAVE BEEN THE SOURCE OF GREAT CONCERN TO THE SHIPPING INDUSTRY AND TO THIS GOVERNMENT. WE DO NOT KNOW IF MR. BAKKE'S ARRANGEMENT WILL REMEDY THESE PROBLEMS. WE WILL CONTINUE TO CONSULT WITH THE FMC REGARDING THESE MATTERS.

Q: THE JUSTICE DEPARTMENT HAS OPPOSED THE BAKKE AGREEMENT ON ANTITRUST GROUNDS. WHAT IS YOUR POSITION?

A: ANTITRUST POLICY IS FUNDAMENTALLY THE RESPONSIBILITY OF THE JUSTICE DEPARTMENT. IT IS CLEAR THAT IMPLEMENTATION OF MR. BAKKE'S AGREEMENT WILL HAVE SOME ADVERSE EFFECTS ON COMPETITION. THESE MUST BE CAREFULLY CONSIDERED BY THE FEDERAL MARITIME COMMISSION.

Q: MR. BAKKE HAS ASSERTED THAT A DEPARTMENT OF STATE OFFICER KNEW OF AND ENDORSED HIS AGREEMENT BEFORE IT WAS ANNOUNCED. SECRETARY KISSINGER'S LETTER SUGGESTS THAT STATE WAS NOT INFORMED BEFORE HAND. ANY COMMENT?

A: STATE DEPARTMENT OFFICIALS IN WASHINGTON AND MOSCOW WERE AWARE OF MR. BAKKE'S DISCUSSIONS IN THE SOVIET UNION AND PARTICIPATED IN MOST OF THEM. HOWEVER, THE AGREEMENT WAS PRIVATELY CONCLUDED BETWEEN MR. BAKKE AND HIS COUNTERPART AT THE END OF MR. BAKKE'S VISIT, WITHOUT THE INVOLVEMENT OR PRIOR KNOWLEDGE OF THE DEPARTMENT OR OUR DIPLOMATIC POSTS IN THE SOVIET UNION.

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Q: THE TIMES ARTICLE QUESTIONS THE RESPECTIVE ROLES OF THE STATE DEPARTMENT AND VARIOUS REGULATORY AGENCIES INVOLVED IN INTERNATIONAL MATTERS. HOW MUCH CONTROL SHOULD STATE EXERCISE OVER INDEPENDENT REGULATORY AGENCIES?

A: BOTH THE CONSTITUTION AND PRACTICAL REALITIES

REQUIRE THAT THE UNITED STATES MUST SPEAK WITH A SINGLE VOICE IN FOREIGN POLICY MATTERS. THE CONDUCT OF FOREIGN POLICY INVOLVES A VARIETY OF INTERRELATED INTERESTS, AND THE STATE DEPARTMENT HAS ULTIMATE RESPONSIBILITY

FOR ITS COORDINATION. HOWEVER, WE WORK WITH INDEPENDENT REGULATORY AGENCIES TO PROVIDE SUITABLE WAYS FOR THEM TO DISCHARGE THEIR REGULATORY RESPONSIBILITIES CONSISTENT WITH U.S. FOREIGN POLICY.

UNQUOTE.

2. DEPARTMENT UNDERSTANDS QUESTION WAS RAISED ABOUT N.Y. TIMES ARTICLE AT DECEMBER 13 PRESS BRIEFING. WILL

FORWARD TRANSCRIPT WHEN AVAILABLE.

3. ASSUME EMBASSY WILL OBTAIN TEXT OF ARTICLE FROM INTERNATIONAL HERALD TRIBUNE. KISSINGER

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